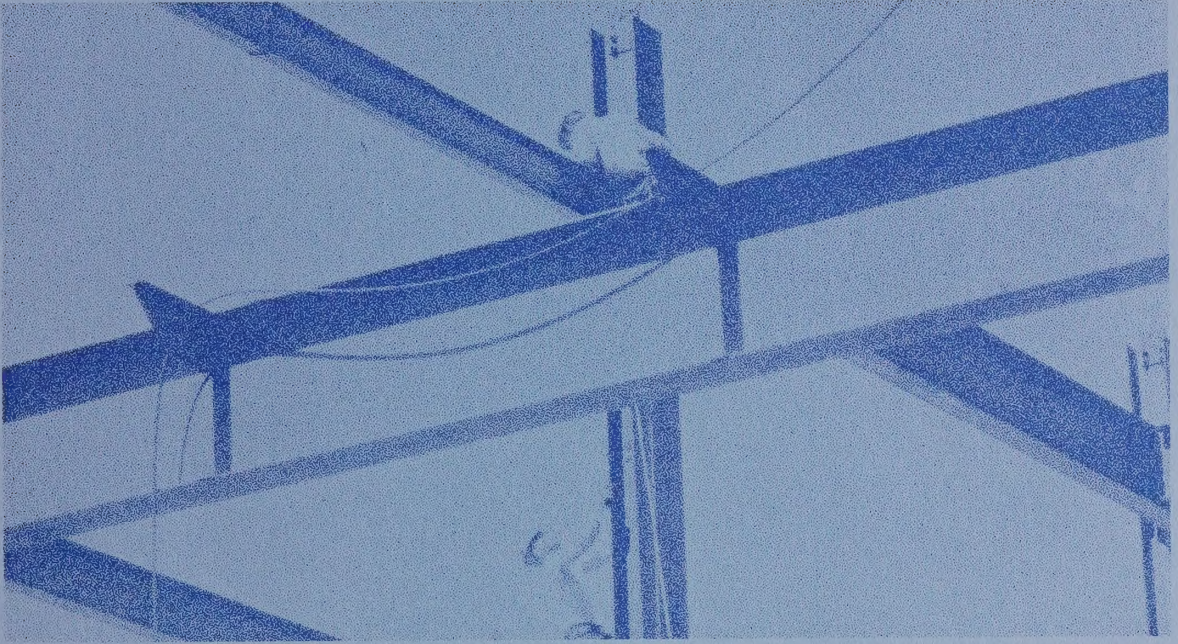




Economic Issues in Growth Policy Formulation

for the San Francisco Bay Region

(to between 6.0 million and 7.5 million) to reflect more recent population trends. It also raised the important issue of the location and timing of urban development throughout the Region. The work program recommended in that paper and adopted by the General Assembly in October, 1973, described two major components of growth policy formulation. These components, described below, are displayed in Figure 1.

Evaluating overall regional growth The ABAG staff is carrying out a number of strategic studies which will explore the impacts of alternative regional growth paths on several important concerns, such as the Regional economy, environmental quality, urbanization patterns, individual opportunities and local fiscal affairs. This paper on growth and the economy is the result of the first of these strategic studies prepared by the ABAG staff.

Evaluating the distribution of growth throughout the region The ABAG staff is attempting

to formulate guidelines for location and timing of future development. Additionally, ABAG is involved in ongoing growth management programs involving technical and policy coordination with other Regional agencies, such as the Metropolitan Transportation Commission (MTC) and the Bay Area Sewage Services Agency (BASSA), as well as with cities and counties throughout the Bay Area.

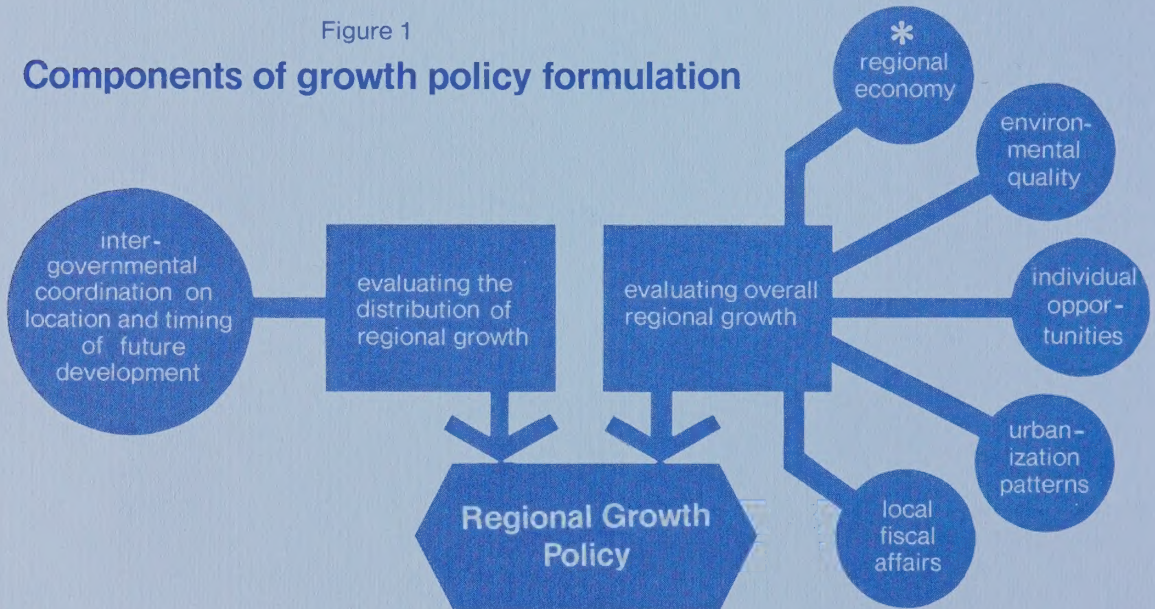
Growth management concerns

A recurring concern throughout the development of growth policy at ABAG has related to the impact of growth limitation on the Regional economy, particularly upon the availability of jobs. Could growth possibly be managed without posing unacceptable consequences for the livelihood of the Region's citizens?

Rapid economic growth certainly improves opportunities for some socioeconomic groups, but is not realized without incurring social costs in terms of irreparable changes to the

Figure 1

Components of growth policy formulation



natural environment and urban systems of this truly unique area. It remains uncertain, however, whether rapid economic growth is effective in providing new opportunities for disadvantaged population groups.

The record of public involvement in the very delicate process of private development and investment is neither clear nor one of particularly effective action. It is well to note here that the issue is not whether the public sector should be involved in economic development decisions, but on what basis, and aimed toward what ends, for the public sector has been substantially involved in past economic development decisions, through redevelopment, construction of major public facilities and regulation of economic activities by general planning and zoning ordinances.

Other local governmental policies, particularly those related to taxation, can have important indirect impacts on economic activities.

Issue paper goals

This paper explores the effects of alternative economic growth rates on the industries, job opportunities and labor incomes in the Region. It also explores some possible public policies. This issue paper contains no final answers, but is intended to provide a basis for public discussion and consideration of initial public actions. Answers will be sought for the following questions:

- Can population levels be limited through the actions of local or Regional levels of government?
- How will alternative economic development paths influence industrial activities in the Bay Area?
- What types of occupational demands are exhibited under various Regional economic development paths?
- How is the pace of economic development related to levels of wages and salaries, and to economic opportunities, especially for currently disadvantaged population groups?

- What are the Regional policy options for solving unemployment problems, especially for disadvantaged population groups?
- How should Regional economic research be utilized in other planning activities, particularly for manpower programs and industrial location issues?

For purposes of the following analysis, growth is taken to mean net additions to Regional population and jobs. The consequent development and redevelopment activities which add to the demands on the political, social, and natural environmental systems of the Region are clearly major issues, but they are reserved for further investigation, and not treated in this paper.

This paper defines economic impacts as relating to the Region's industrial activities, occupational demands and labor incomes. This is a narrow definition, which focuses mainly on the production and distribution of Regional output. Other facets of the economy, including the price level, the interest rate, investment rates and public sector costs and revenues, while important, are not treated in this paper.

Section II—Local and regional policy tools for guiding development

Before proceeding to an examination of economic impacts of growth alternatives, it is useful to examine the growth control tools available to local and Regional levels of government. These policy tools are viewed as encompassing two major sets of public activities:

1. Provision of major facilities and services upon which growth relies.
2. Urbanization regulations which guide the timing and location of new development and redevelopment.

Policy control at governmental levels

Policy controls for these major fields are found at all levels of government—state and federal as well as regional and local. Table 1 illustrates the wide range of agencies at all levels of government which exercise controls over the many functional components of urban growth. Local agencies primarily exercise “positive” roles in controlling public works and urbanization patterns. That is, most state enabling legislation is written so as to allow cities and counties to *provide* facilities and services and to *issue* building permits. Service limitation policies and building moratoria which would slow down or halt urban expansion are either not specifically enabled, or only allowed as temporary measures under highly specialized circumstances.

An important recent trend has been the creation of numerous Regional agencies possessing statutory responsibilities for many growth-related fields. In addition to having approval powers for specific facilities these Regional agencies may also set priorities for local use of state and federal funding. Finally, most of these Regional agencies are mandated to prepare Regionwide plans for their fields of responsibility.

Agencies of the State of California have strong influence in the fields of water resources and transportation. Appropriative rights to all state waters are held by the State Water Resources Control Board. Granting of these rights to local communities allows expansion of water capacity when local resources are in short supply and, hence, makes it possible for localities to support additional population. The California Highway Commission and the California Department of Transportation retain responsibility for planning and development of inter-regional highways which can greatly influence development potentials of metropolitan regions such as the Bay Area. Other state agencies, such as the Council on Intergovernmental Relations, the Governor's Office of Planning and Research and the Department

of Conservation provide important guidelines and criteria for local planning and development activities.

The key federal agencies in influencing urban growth appear to be the Department of Housing and Urban Development (HUD), the Department of Transportation (DOT) and the Environmental Protection Agency (EPA). HUD provides mortgage loan guarantees which are often essential prerequisites for construction of major subdivisions and new communities. New provisions in HUD's National Flood Insurance Program will require flood-prone communities to impose more effective building and zoning ordinances or face loss of HUD loan guarantees and virtually all federal assistance for acquisition and construction of public facilities. DOT grant programs for both highways and mass transit influence levels of accessibility, and hence growth patterns, within metropolitan areas as well as among regions. Finally, EPA can influence the location of growth through two important means. Wastewater treatment grants administered by EPA provide localities from thirty to fifty percent of the costs of building sewage treatment plants. EPA has indicated that it will take a strong stand in considering grants in critical air basins. If a proposed project is found to cause destructive impact, EPA may refuse or lower its financial aid. EPA's powers can also be considerable in regulation of “complex sources” of air pollution (e.g., large commercial facilities, sports complexes, downtown parking structures). Should a proposed structure or facility appear to substantially imperil air quality, EPA could move against its development.

Problems of growth management

The above brief review of institutional aspects of growth control has discussed possible actions at all levels of government, but the important question for this paper relates to local and Regional public agencies. It appears that there are no direct means available to local and Regional agencies for limiting overall

Table 1

Agencies influencing urban growth classified by urban function and level of government

Urban functions	Levels of Gov't.			
	Local	Regional	State	National
Transportation	City and County Departments of Public Works Local Transit Districts	MTC	California Trans- portation Board California Highway Commission California Dept. of Transportation	U.S. D.O.T. FHWA UMTA U.S. EPA
Water Supply	Cities, Counties, Water Agencies		Water Resources Control Board Department of Public Health	U.S. EPA
Sewerage, Waste- water treatment, and solid waste management	Cities, Counties, Special Districts	Bay Area Sewage Services Agency Regional Water Quality Control Boards	Water Resources Control Board Solid Waste Management Board	U.S. EPA
Unique facilities— Airports, Seaports	Port Authorities Airport Land Use Commissions	MTC ABAG BCDC BAAPCD	Public Utilities Commission Division of Aeronautics	FAA CAB U.S. EPA Corps of Engineers Coast Guard
Land use	Cities and Counties General Plans Subdivision Regulations Zoning LAFCO's	ABAG BCDC Coastal Commissions	Council on Inter- governmental Relations Office of Planning and Research Department of Conservation	U.S. H.U.D. U.S. EPA

LAFCO—Local Agency Formation Commission

MTC—Metropolitan Transportation Commission

ABAG—Association of Bay Area Governments

BCDC—Bay Conservation and Development
Commission

BAAPCD—Bay Area Air Pollution Control District

U.S. D.O.T.—United States Department of
Transportation

FHWA—Federal Highway Administration

UMTA—Urban Mass Transportation Administration

U.S. E.P.A.—United States Environmental Protection
Agency

FAA—Federal Aviation Administration

CAB—Civil Aeronautics Board

U.S. H.U.D.—United States Department of Housing
and Urban Development

Regional population growth on a long-term basis. Zoning regulations are only of indirect influence in limiting population growth, and absolute moratoria on construction are only enabled for short periods of time.

Long-term population limitation could be attempted through public refusal to provide services and facilities. A service limitation policy would probably cause undesirable side effects, including increasing congestion, more severe housing shortages than currently exist and continuing declines in levels of public services. While it is conceivable that all local and Regional agencies could act in concert toward implementation of Regional growth strategies, the fragmentation of power, separate mandates and differing agency objectives would appear to render such cohesive action an extremely difficult goal to achieve.

It now seems that overall Regional growth limitation policies are not feasible, but it would be inappropriate to rule out possibilities for growth limiting measures in the future. In any event, location of growth within the Region can be influenced and numerous communities are exploring means to regulate growth. The judicial branch of government is playing an active role in defining the prerogatives of local agencies in this field.

If it does, at some future date, fall within the power of the Regional community to determine its own overall growth path, the choice must be based on an analysis of the implications of growth alternatives for Regional needs and objectives as measured through a number of criteria. The remainder of this paper examines the impacts of growth alternatives on one set of criteria of Regional well-being—economic concerns.

Section III—Alternative regional futures. How does the regional economy influence population growth?

While governmental actions can be influential,

though not decisive, in determining population growth rates, demographic and economic forces constitute a second major set of factors which influence population growth.

Sources of population growth

There are two sources of population growth. The first, *natural increase*, is defined as the difference between births and deaths. The second growth component, which is especially important at Regional and local levels, is *net migration*, the difference between people arriving at and people leaving from a specific geographic area. An area is experiencing positive net migration when the number of people moving in exceeds those leaving. Negative net migration occurs when moves out of an area are in excess of moves into that area.

There are indications that the recent declines in rates of natural increase of the population are part of a long term trend and may be expected to continue indefinitely. If current birth rates continue, a zero rate of natural increase of the *nation's* population may be attained several decades in the future.

The U.S. Commission on Population Growth and the American Future has concluded that low or zero rates of population growth will be beneficial for the American society and economy. Specifically, the Commission has stated, "in the long run, no substantial benefits will result from further growth of the Nation's population, rather . . . the gradual stabilization of our population through voluntary means can contribute significantly to the Nation's ability to solve its problems."¹ With specific reference to economic impacts at a national scale, studies prepared for the Commission have indicated that slower population growth would lead to higher per capita incomes, greater amounts of capital per worker and increasing participation in the labor force by women and older persons.

It must be stressed that these economic findings have been developed through analysis of national trends and it does not necessarily

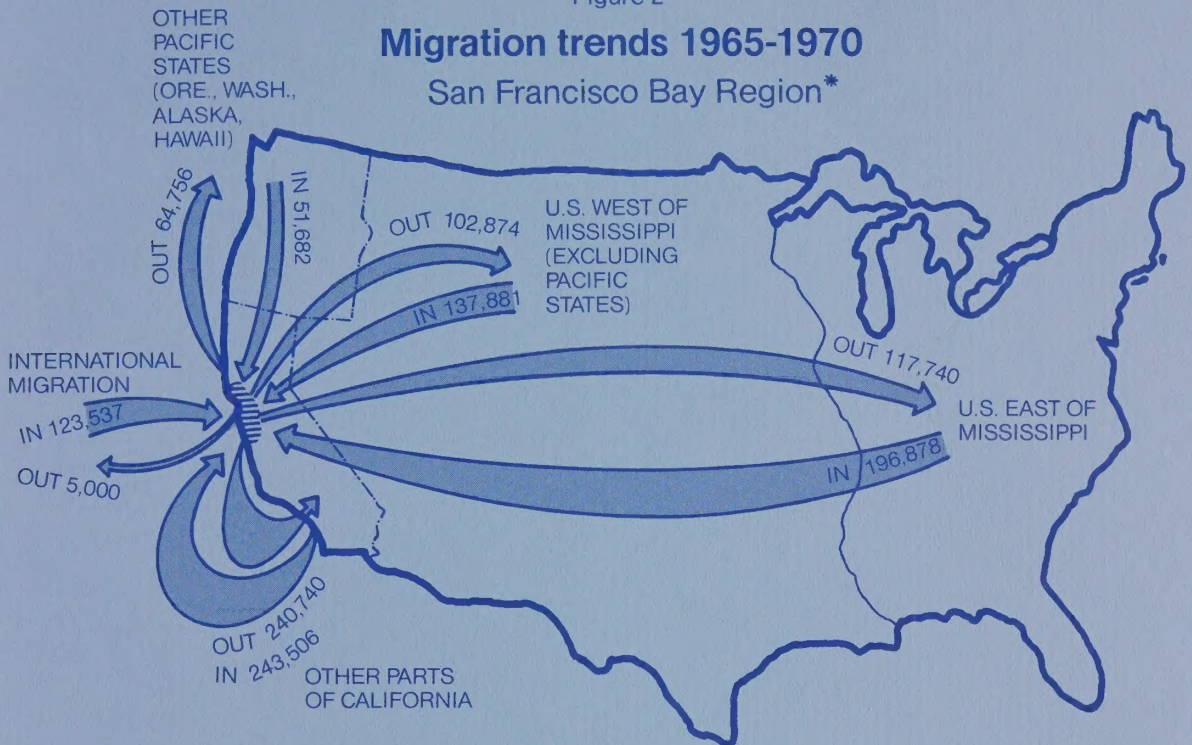
¹ Commission on Population Growth and the American Future, *Population and the American Future*, (Washington: 1972).

follow that the same results will apply to metropolitan regions or localities. Even if a zero rate of natural increase of the nation's population is realized several decades into the future, substantial population growth resulting from migration forces may impact specific

metropolitan areas and their constituent localities. Approximately fifty percent of population increases in the Bay Area over the period 1960-1970 resulted from migration. Figure 2 provides an indication of recent migration flows to and from the Bay Area.

Figure 2

Migration trends 1965-1970 San Francisco Bay Region*



Total migration flows

	IN	OUT	NET MIGRATION
Domestic	629,941	526,110	+103,831
International	123,537	5,000 est.	+118,537
Total	753,478	531,110	+222,368

* The San Francisco Bay Region is comprised of the California counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma.

Source:
U.S. Bureau of the Census
Census of Population: 1970

Final Reports
PHC(1)—189—San Francisco-Oakland, California, SMSA
PHC(1)—190—San Jose, California, SMSA
PHC(1)—192—Santa Rosa, California, SMSA
PHC(1)—223—Vallejo-Napa, California, SMSA

Causes of inter-regional migration

What are causes of inter-regional migration? Economic opportunities have been identified as an important force in inducing migration over long distances. Much evidence indicates that people often migrate in search of jobs from low wage to high wage areas, and from areas with surplus labor to areas experiencing labor shortages. Other migration patterns occur in response to a series of factors that can be grouped under the heading, "quality of life." These factors would include climate, environmental quality, availability of housing and so forth. Expansion of employment opportunities—coupled with the substantial cultural and environmental amenities of the Bay Area—were prime causes of moves into the Region in the 1950's and 1960's. Cultural and environmental amenities which induce growth are not examined at this time. This discussion considers only that part of the Bay Area's drawing power which is closely related to the economic and employment conditions of the Region, in comparison to employment conditions of other metropolitan regions in the U.S. and California. Possible variation in Regional net migration (in response to variation in the performance of the Regional economy) is the only source of difference in the three alternative future growth paths described below. Before alternative Regional growth paths are described it is necessary to treat the national growth assumptions upon which the Regional analysis is based. All three alternatives assume a national population growth rate corresponding to the U. S. Census Bureau Series "E" Fertility (i.e., a two child family) and 400,000 net annual immigration into the United States from abroad.

Assumptions about the future

The national economic and employment projections upon which the analysis in this paper is based have been obtained from the United States Bureau of Economic Analysis. These projections assume that economic

processes will continue in much the same manner as they have in the past, and that no dramatically new national policies related to population or its distribution will be applied. It is, of course, possible to envision the development of national policies which would necessarily influence the analysis of the Regional economy. For example, the federal government could develop new immigration, population limitation or population distribution policies. It has been estimated that such policies could substantially reduce the future population level in the Bay Area from that which is projected to occur in the absence of such national policies.

It is exceedingly difficult, however, to make such an assumption for the type of analysis contained in this paper. The numerous uncertainties which would be involved in surmising alternative scenarios based on changed national population policies are illustrated by reports prepared for the Commission on Population and the American Future:

"... The United States is a long way from articulating such a [population distribution] policy as yet, there is not even a generally agreed-upon definition. Witness the ever changing terminology—National Growth Policy, Urban Growth Policy, National Distribution Policy. . . . Probably the biggest stumbling block to the development of a distribution policy or guidelines is the lack of consensus about objectives. Should the policy try to shift people out of the metropolitan areas to small towns, out of the east to the midwest? Should it try to save all small towns, make the wages in the south as high as the north, or emphasize economic efficiency or social goals . . . ?"²

These indications of uncertainty imply extreme difficulty in applying assumptions about future national population policy in an analytic sense. Therefore, no explicit assumptions are made

²Commission on Population Growth and the American Future, *Population, Distribution and Policy*. Research Reports Vol. V. (Washington; 1972).

about future national population policies in this paper.

There are a variety of additional assumptions which would change the economic analysis in this paper. It could be assumed that a substantial program of income redistribution (such as the guaranteed income) might be undertaken by the federal government. Nationally applied principles of "steady state" economics could dramatically alter capital formation and resource depletion patterns. Massive federal aid could be applied in rebuilding central cities, or the entire set of federal priorities could be re-ordered, with increased manpower programs, for example, taking the place of much of the defense budget.

The process of making projections, or determining impacts of future growth, is fraught with pitfalls. The most common approach is to assume that future growth processes will continue in much the same manner as has been experienced in the past. This approach may be the safest, since the range of possible, future policy changes is virtually limitless. Assumptions of radically new future national policies risk being arbitrary and are therefore an unstable base for other governmental planning.

Economic growth assumptions

In view of these above considerations, it is appropriate at this point to state the national economic growth assumptions upon which this paper is based:

- "1. Growth of population will be conditioned by a decline in fertility rates from those of the 1962-65 period.
2. Nationally, reasonably full employment, represented by a 4 percent unemployment rate, will prevail at the points for which projections are made . . .
3. No foreign conflicts are assumed to occur

at the projection dates.

4. Continued technological progress and capital accumulation will support a growth in private output per manhour of 3 percent annually.
5. The new products that will appear will be accommodated within the existing industrial classification system . . .
6. Growth in output can be achieved without ecological disaster or serious deterioration, although diversion of resources for pollution control will cause changes in the industrial mix of output."³

It is important to note here that assumptions 2, 4 and 6 run counter to a growing number of predictions that U.S. resource consumption patterns will soon meet either physical or political constraints on a global scale.⁴ Particularly in the latter regard, growing dependence on foreign sources for minerals will make the U.S. increasingly susceptible to political pressures from mineral exporting countries.

Estimates of Bay Area trends

Bay Area employment and population trends have been estimated and evaluated under three alternative sets of Regional economic assumptions as follows:

Rapid Growth For this alternative, it is assumed that the Region will continue to experience competitive attractiveness for many economic activities, as was the case during the 1960's. Overall Regional employment and population under these assumptions will grow at a pace significantly higher than projected national rates. In other words, the Bay Area economy would be growing faster than the national economy as a whole.

Moderate Growth Under the moderate growth assumptions, each Regional industry group⁵ is projected to experienced growth in employment at the projected national rate for that industry group.

Slow Growth The lowest Regional projection

³U.S. Water Resources Council, *OBERS Projections; Economic Activity in the United States*. (Washington: 1972).

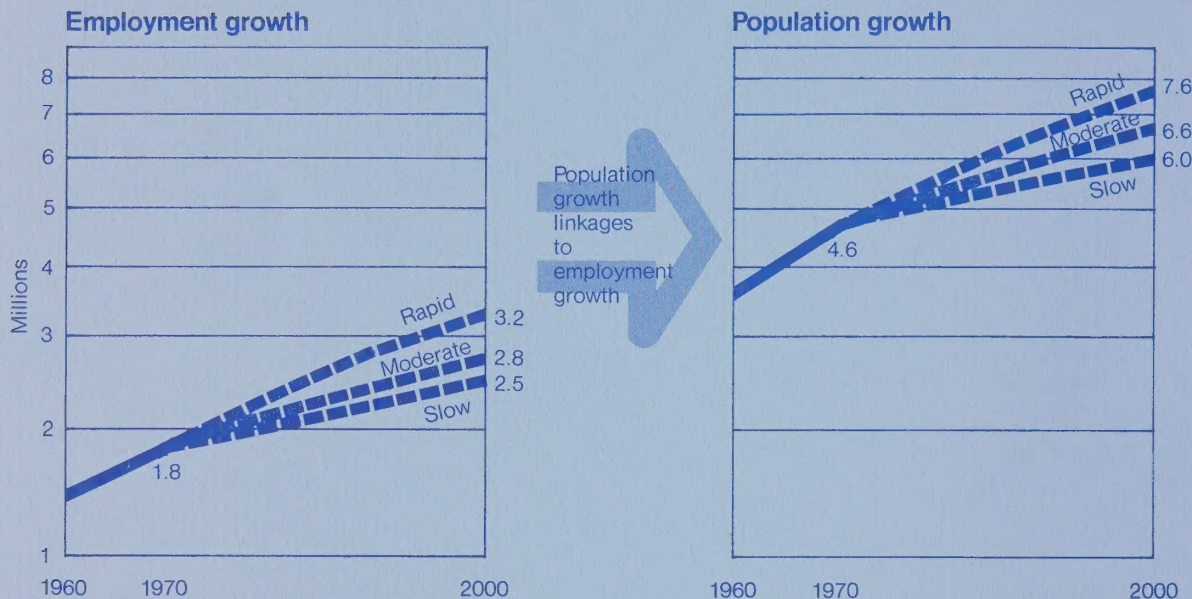
⁴See, for example, Herman F. Daly (ed.), *Toward a Steady State Economy*, (San Francisco: W. H. Freeman, 1973).

⁵Industry groups are components of the economy classified by goods or services produced.

is obtained under the assumption that the recent competitive Regional trends will be reversed and, consequently, that future Regional employment growth will lag behind national rates.

Figure 3 displays the alternative levels of Regional employment and population growth which would result from the slow, moderate and rapid economic growth assumptions. All three projected population growth rates are

Figure 3
**Population growth associated
 with economic growth alternatives**
 San Francisco Bay Region 1970-2000



	1970	Alternative year 2000 projections		
		Slow Growth	Moderate Growth	Rapid Growth
Total civilian employment	1,824,117	2,515,000	2,780,000	3,201,000
Total population	4,635,988	5,988,000	6,620,000	7,621,000
Projected average annual population growth rate (percent)		.86	1.19	1.67
Projected average annual employment growth rate (percent)		1.08	1.41	1.89

Source:

ABAG staff analysis, partially based upon data from the U.S. Bureau of Economic Analysis and from the U.S. Census.

well below the historical 1960-1970 rate of 2.45 percent per year. Since 1970, Regional population has grown at an annual rate of 1.2 percent. The slow growth path, at a projected rate of less than 1 percent per year over the period 1970-2000, is sufficient to provide employment for additions to the labor force which would result solely from the natural increase of the existing Bay Area population, with no net in-migration from other parts of the U.S. or abroad.

Section IV—What do the alternatives mean?—How does the economy vary under differing growth assumptions?

While the most obvious differences among the three alternatives lie in the projected levels of employment and population, there are also important differences in the employment and income related characteristics of the economy which would result from the three different growth paths. This section seeks to examine some of the more important economic characteristics, including *industrial structure*, *occupational demands* and the levels of *labor incomes*.

Regional industrial trends

The term “industrial structure” refers to the amounts and proportions of economic activity in different industry groups. Figure 4 illustrates the Regional industrial structure in 1970 and for the three alternative growth projections.

This figure exhibits many projected trends which seem to be independent of the economic projection. For example, employment in extr-active industries (agriculture, forestry, fisheries and mining) is projected to decline dramatically under all assumptions, and employment in service industries is projected to grow substantially. In the economist’s jargon these are *secular* trends, or trends which are postulated

on the basis of analysis of data over long periods of time.

Other industry groups, however, show notable differences when compared across the three alternative growth paths. For example, construction employment shows a large relative decline from current levels under slow growth. Under rapid growth, on the other hand, construction employment nearly maintains its high 1970 proportion of Regional employment. This result is consistent with assumptions about relationships between construction employment, population growth, and demands for new housing, commercial and industrial facilities (with redevelopment at existing levels).

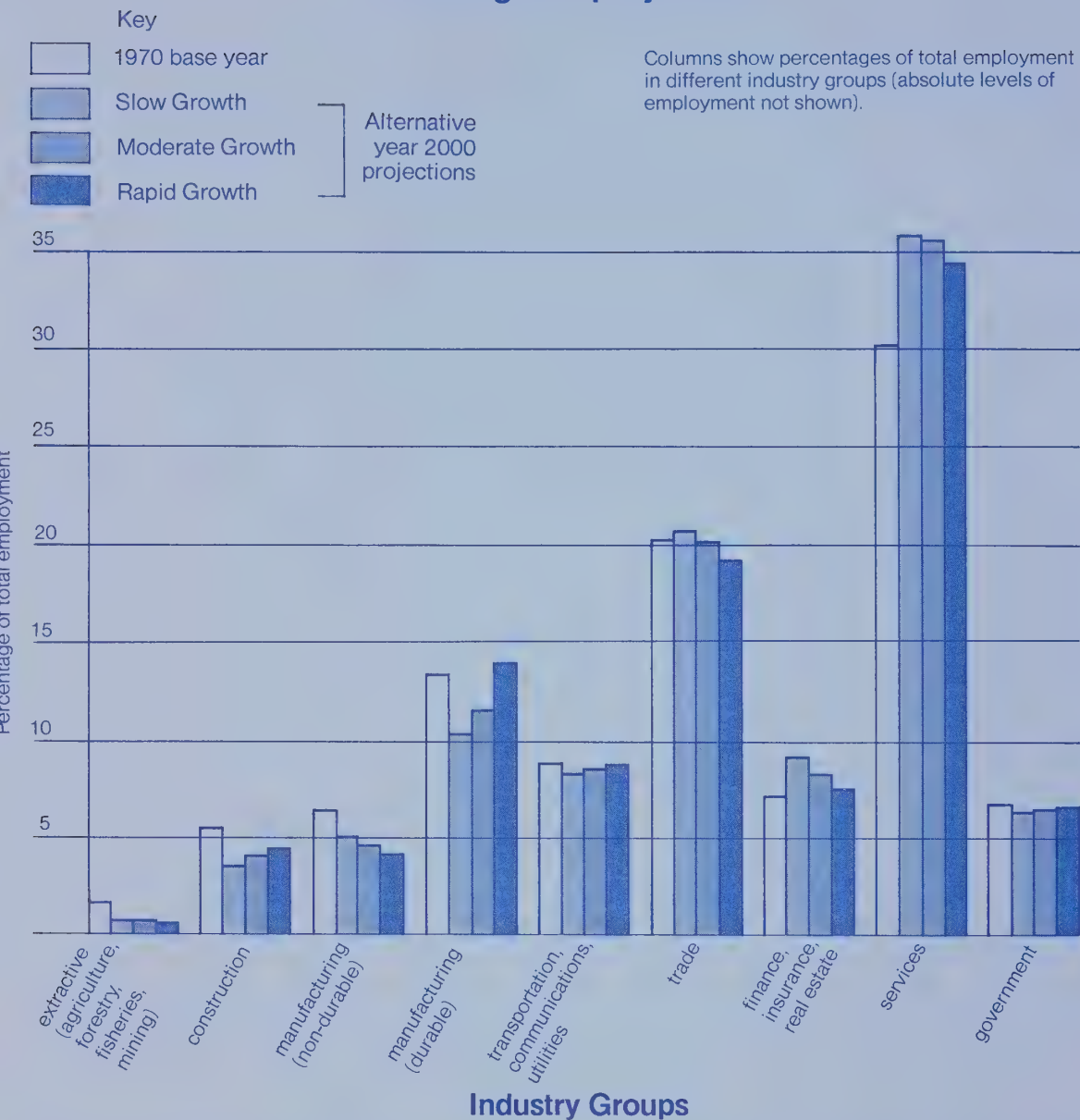
Projected levels of employment engaged in durable goods manufacturing also exhibit variation when the three alternative economic growth paths are compared. Thus, under a high rate of economic expansion, manufacturing activities which produce machinery, electrical machinery and instruments will maintain their prominent positions within the Regional economy, while under slow growth, trade, finance, insurance, real estate and services will become relatively more important.

Regional occupational trends

Existing and projected occupational demands are shown in Figure 5. As in the case of industrial structure, there are certain secular trends which are projected to occur under all growth alternatives. Most notably, the occupational classifications of professional, technical and kindred workers are expected to account for a substantially larger proportion of total employment under all growth alternatives. Projected employment levels for crafts, trades and operative workers show some sensitivity to growth variation. Thus, many of the “entry level” types of jobs within these occupational groups will be relatively abundant under rapid growth, while entry level positions in clerical

Figure 4

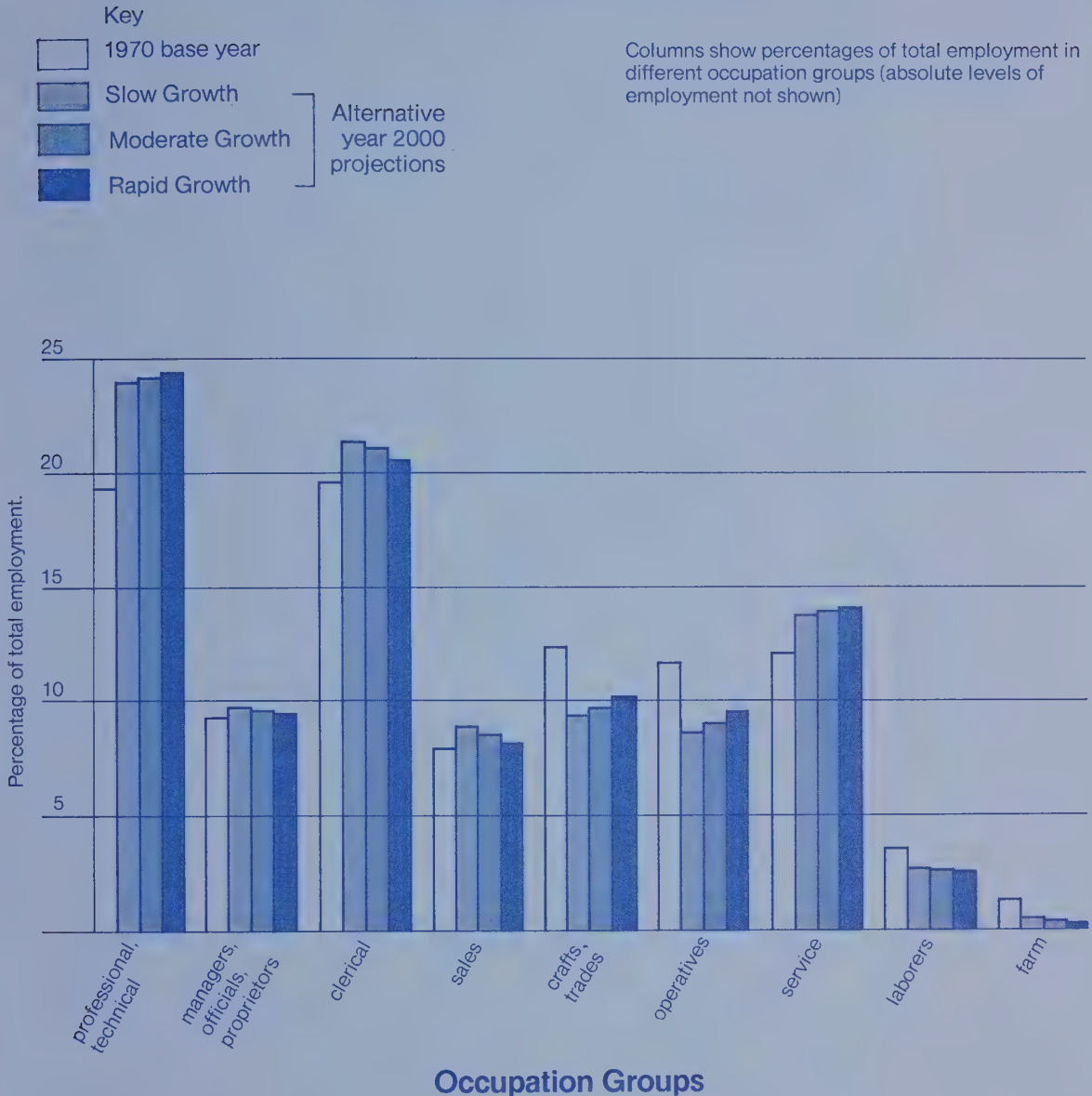
Regional Industrial Structure, existing and projected



Source:
ABAG staff analysis, partially based upon data provided by the U.S. Bureau of Economic Analysis, and the U.S. Census.

Figure 5

Regional Occupational Structure, existing and projected



Source:

ABAG staff analysis, partially based upon data from the U.S. Bureau of Labor Statistics, and from the U.S. Census.

and sales categories are projected to account for a higher share of regional employment under slow growth conditions.

Growth impacts on income

Determining the impacts of growth on income is extremely difficult. One line of reasoning would suggest that rapidly growing areas should have continual high demand for labor, and that labor incomes (wages and salaries) would therefore be higher. Analysis of metropolitan area trends over the decade of the sixties indicates that those areas which grew fastest in employment also experienced higher than average growth in wages and salaries. Investigations of state level data indicate that differing income levels are closely tied to the industrial and occupational structures of the areas, with per capita income increasing according to the proportion of skilled workers in the labor force and with the proportion of manufacturing, construction and (to a lesser extent) services in the economic base.⁶ On the other hand, a more recent investigation has indicated that, "the fastest growing states of the 1960's actually fell behind the U. S. average for change in both personal and median family income."⁷

All of the above findings provide a mixed picture regarding the impacts of growth on income. Interpretation is further complicated by the differing geographic levels of analysis and by the differing concepts of income which have been used in the various studies. Unfortunately, at this point no firm conclusions can be drawn regarding the impacts of growth variations on wages and salaries in the Region.

Income distribution

Aside from growth impacts on income, how are

levels of income related to measures of equity, such as income distribution? Most analysis shows that income distribution is more equal in those metropolitan areas with higher incomes. The following reasoning has been offered:

"... A plausible argument might be that an affluent community will tend to be a more equalitarian one simply because it can afford to be more magnanimous (*noblesse oblige*). Or, perhaps affluence leads to better social overhead; the role of government tends to increase with affluence, and it is on the public sector that we depend to equalize opportunity and to redistribute income."⁸

Summary—impacts on industries, occupations and incomes

How, then, will growth alternatives influence the industrial, occupational and income characteristics of the Bay Area economy? Rapid growth conditions (when compared to those under slow growth) seem to shift the economy toward manufacturing (particularly of durable goods) and construction, with attendant occupational shifts towards crafts, trades and operative jobs.

Slow growth, on the other hand, would emphasize trade, finance, insurance, real estate and services, with relatively greater occupational demands in clerical and sales categories. While the rapid growth effects would appear to favorably influence wage and salary levels through industrial structure and labor market effects, the impact of growth on income is not certain. The absence of firm findings on levels of wages and salaries makes it difficult to relate growth variation to any impact on equity (as measured by income distribution). It should be noted, however, that high average incomes in

⁶W. Isard, et. al. *Methods of Regional Analysis, An Introduction to Regional Science* (Cambridge: The MIT Press, 1960), p. 99.

⁷*Urban Growth Letter*, Vol. II, No. 15, July 22, 1974.

⁸John R. Mattila and Wilbur R. Thompson, "Toward an Econometric Model of Urban Economic Development," in Perloff and Wingo, (eds.), *Issues in Urban Economics*, (Baltimore: The Johns Hopkins Press, 1968).

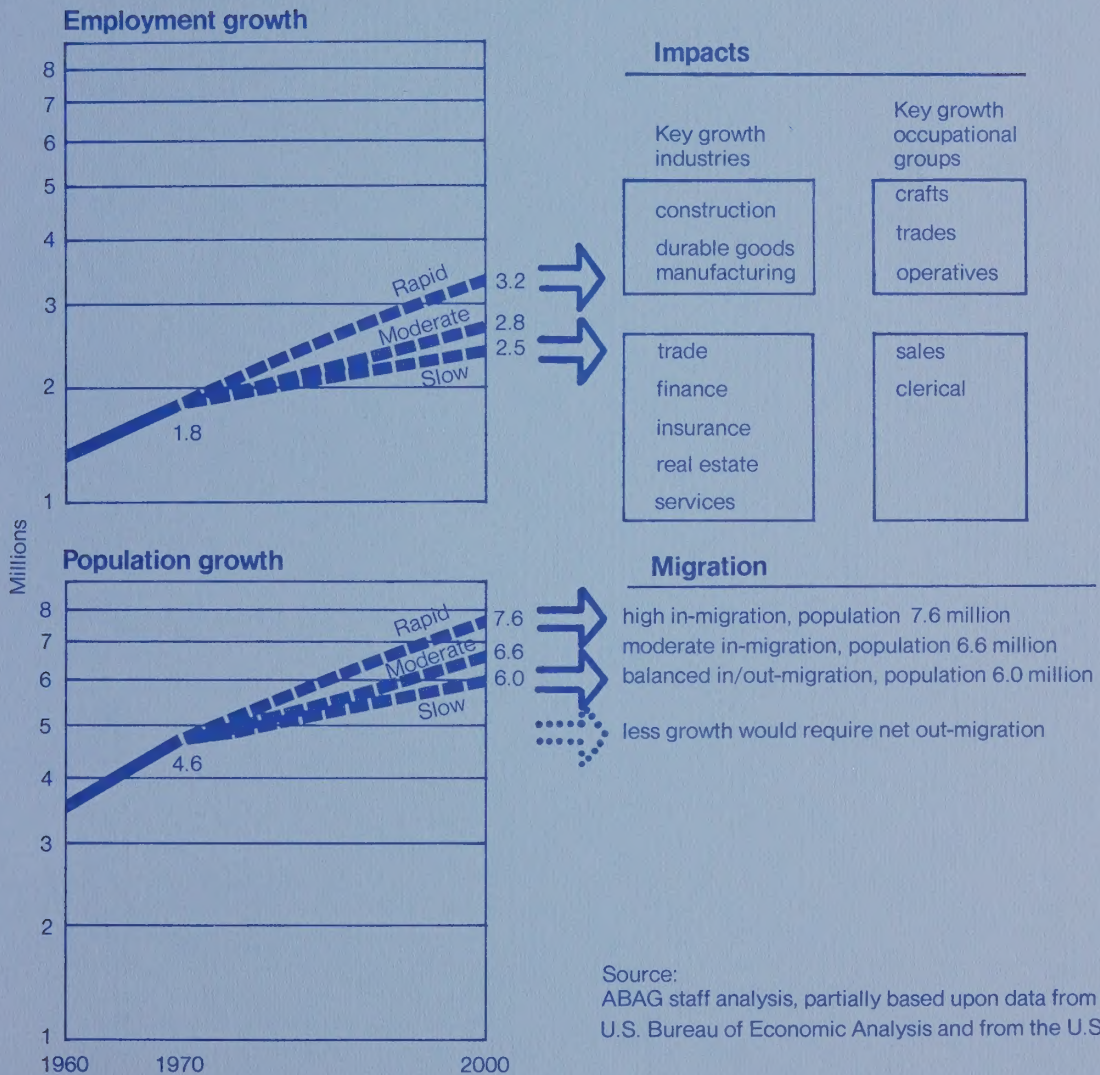
an area can contribute greatly to attainment of increased equity in the distribution of income among population groups. Figure 6 shows the major industrial and occupational impacts of

alternative economic growth rates. The population migration trends which would accompany the alternatives are also indicated.

Figure 6

Impacts of alternative growth rates

San Francisco Bay Region 1970-2000



Section V—What are the policy implications?

ABAG's past growth policy formulation has been aimed toward meeting two broad objectives for a City-Centered Region:

- Ensuring that growth forces which result in net additions to Regional population, jobs and urban land do not compromise the substantial cultural and natural amenities of the Bay Area.
- Developing mechanisms and strategies for guiding the distribution of growth among the localities of the Region, in order to implement coordinated Regional and local policies relating to public works, environmental quality, fiscal soundness and equity.

Policy considerations

The above analysis of growth and the Regional economy suggests that the scope of Growth Policy should include the following considerations:

- The impacts of growth on the Region's industries, job opportunities and labor incomes constitute important criteria for growth policy formulation. Indications that economic expansion may increase the viability of the Regional economy and tend to raise economic well-being must be considered carefully when evaluating alternative growth paths. It must be remembered that economic concerns comprise only one set of criteria which must be applied in growth policy formulation. Additional considerations relating to the impacts of population growth and distribution on environmental quality, fiscal affairs, urbanization patterns and individual opportunities must be applied in making an appropriate overall determination of growth policy for the San Francisco Bay Area.
- Even though a minimum level of economic expansion may promote increased economic activities and maintenance of job opportunities, growth in itself is not sufficient to insure equal economic and employment opportunity

for all Bay Area citizens. Regardless of the rate of economic growth, increasing the employment opportunities available to currently disadvantaged population groups, so that the benefits of a healthy Bay Area economy may be more equally shared, is a crucial concern.

- The type of analysis which produced the projections of occupational demands should be continued at a more detailed level, in order that coordination between ABAG's Regional Growth Policy and the skill development and manpower planning programs being carried out by local agencies can be strengthened. As varying growth rates imply shifts in the types of job opportunities that will exist in the Region, education and training programs will need to be modified accordingly. A wide range of programs, from traditional education to remedial and compensatory efforts could make use of such projections. The Comprehensive Employment and Training Act, under the administration of the U.S. Department of Labor provides for manpower planning grants to Prime Sponsors—cities over 100,000 and counties. Means of linking the planning activities of Prime Sponsors with the economic studies of ABAG should be explored.
- Since all major industrial location takes place through combined public and private actions, the public sector should determine industrial location policies and various locational incentives aimed at implementing the City-Centered Region concept of ABAG's adopted *Regional Plan*, and in solving the problems of high unemployment labor markets. Such policies could specify that new economic activities be located within proximity to appropriate laborsheds, with special incentives offered for industrial location in areas of recurring high unemployment. Longer commuting distances should not be induced through any tacit or explicit public policies. Since Regional industrial location policies would probably involve substantial impacts

on local tax bases, alternatives for local fiscal reform should be considered simultaneously. Such economic policies would be in full conformance with existing urban development policies of the *Regional Plan*.

Economic conclusions for the Region

1. A healthy Regional economy is a basic prerequisite for attaining the objectives of the *Regional Plan*; however, the quality of the Region's economic activities is as important as the quantity. Location and timing of new development are key factors as well as the overall size of the Region's population and economy.
2. While the impacts of economic expansion on opportunities for specific population groups—particularly the economically disadvantaged—may not be fully known, public policy, at minimum, should aim toward an overall matching of jobs to residents seeking them—and be accompanied by the necessary manpower, transportation, and housing programs to make the opportunities real. Private sector actions will also be of major importance in meeting this objective.
3. An economic policy which does not provide a number of jobs sufficient for residents seeking them will result in higher unemployment, net out-migration, and a worsening of existing social and economic problems.
4. Economic expansion which greatly exceeds growth of the resident labor force does not necessarily aid in solving social and economic problems but surely adds to the load on the Region's environment and natural resources.

Policy recommendations

Perhaps the strongest conclusion is that a great deal more needs to be known about the economic impacts of Regional growth. Furthermore, mechanisms to permit the Region to explicitly consider its economic future and the consequences of alternative economic choices should be established. Accordingly, the following interim economic policies are suggested for adoption by ABAG:

1. ABAG should establish as a desirable principle, while recognizing that no implementation mechanism is now available, that the *minimum level* of Regional economic growth should be based on balancing total job opportunities with the rate of natural increase of the Regional labor force, allowing for reduction of unemployment to "full employment" rates. Regional growth might potentially be greater, but it must be recognized that the desirability of higher levels of growth should be determined through an examination of growth impacts on social, environmental and fiscal fields, as well as purely economic effects.
2. ABAG should make a commitment to undertake a serious program which explores economic choices and consequences for the Region as a whole and for the location of economic activities within the Region.
3. In making public investments to support economic development, consideration should be given to both environmental and natural resources impacts and to economic criteria such as increased access to jobs, balanced communities which reduce long commutes, and to matching jobs with resident labor force skills.

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